



State of New Jersey  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
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December 2006

TO: Certifying Officer  
Autonomous State College / University / State Employers

FROM: John D. Megariotis  
Deputy Director, Finance

SUBJECT: Report of Contributions, 4<sup>th</sup> Quarter 2006 (October 1<sup>st</sup> to December 31<sup>st</sup>)

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**Notice To Delinquent Report Of Contribution Filers**

In the past I have written explaining the importance of all employers providing to the Division of Pensions and Benefits their quarterly Report of Contributions (ROC) in a timely fashion. As stated in the past, delays in receiving these reports affect the timeliness of the Division providing services to ALL pension plan members, not just your employees and retirees. Unfortunately, we continue to experience delays associated to employer late reporting. I must again ask for your help in avoiding these delays at all costs and remind you that the Division will utilize everything at its disposal in order to solicit timely reporting by the employers we work with to provide benefit services to the State's public employees.

**Reporting And Payment Information**

Your 4<sup>th</sup> quarter 2006 tape ROC applicable to the Teachers' Pension and Annuity Fund, Public Employees' Retirement System, and Police and Firemen's Retirement System is due by **January 10, 2007**. Your December, 2006 transmittal remittance, which represents the deductions due for the balance of the quarter, should be made through the Transmittal Electronic Payments System (TEPS). The portion of the remittance for total pension deductions should reflect the sum of normal pension contributions, back deductions, loan payments, and arrears/purchase deductions. Your TEPS remittance is also due by January 10, 2007.

With the tape ROC, you must complete and return the Transmittal Summary form for the 4<sup>th</sup> quarter 2006. This document is used to assist your office and this Division in reconciling your transmittal remittances to the quarterly ROC. The Control and Certification form must also accompany your quarterly tape ROC. This is essential as it attests to the accuracy and validity of the submitted documentation.

If your quarterly ROC and total contributions are not received in a timely manner, we cannot update the pension accounts of your employees. This may adversely affect any claim for benefits, including loan applications, filed by your employees. Also, any delay affects our scheduling in posting contributions to all members' accounts as well as the mailing of ROC for the following quarter. A tape ROC will be considered received when it is submitted in an acceptable format, passes all data processing edits, and can be used to update members'

accounts. Interest will be assessed, as prescribed by statute and administrative code, when monthly transmittal remittances and the quarterly ROC are not received within fifteen days of the due dates.

Should you have any questions or need assistance in completing the Report, please refer to <http://www.state.nj.us/treasury/pensions/epbam/finance/roc.htm>.

### **SACT Tax-Sheltered Annuity – Remittance Of 403(b) Contributions**

Chapter 247, P.L. 1999 requires 403(b) salary reductions on behalf of an employee to be transmitted and credited within five business days from the pay date.

Members of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund and Police and Firemen's Retirement System in the Supplemental Annuity (SACT) Tax Sheltered Annuity Program are required to have 403(b) salary reductions remitted to the Division of Pensions and Benefits within the timeframes prescribed by law. Contributions for these members will be made through the Transmittal Electronic Payments System (TEPS).

Please note that the full quarterly SUPPLEMENTAL ANNUITY contribution must be submitted prior to the processing of your ROC. If the full contribution is not submitted, it may be necessary to refund any supplemental annuity contributions sent in for the quarter. This could adversely affect your employees' retirement savings.

### **TEPS – Transmittal Shortage Payments**

The Division sends transmittal shortage statements when the sum of the transmittal remittances does not equal the due figure on the quarterly ROC. Transmittal shortage statement payments can only be paid through TEPS. Checks received for payment of transmittal shortages will be returned. If you have questions related to TEPS, contact the TEPS Helpline at (888) 835-3345 or FAX your inquiries to the Audit/Billing Section at (609) 633-1708.

### **Changing Banking Information For TEPS**

Notice of Changes for TEPS should be submitted to the Division of Pensions and Benefits on or after the date that the new checking account becomes effective. Every Notice of Change is verified to ensure that the Division has the correct banking information. This normally takes 12 to 15 days.

### **Statements Of Overages / Shortages**

Overage and shortage statements, which affect a member's Annuity Savings Fund, identify whether or not the pension contributions are subject to the 414(h) provision. These statements should be reviewed to determine when adjustments are required to your payroll records in calculating year-to-date mandatory pension contributions under 414(h). Please note that all member shortages are to be paid by separate check. Do not remit through TEPS.

### **Most Retirement Plan Limits Increase for 2007**

IRS has announced the 2007 cost-of-living adjustments (COLAs) for retirement plans. Many of the limits applicable to pension, and other retirement plans, increase for 2007.

The following plan limits are increased for inflation effective January 1, 2007:

- *Annual compensation limit.* The maximum amount of annual compensation that can be taken into account for various qualified plan purposes, under Code Sec. 401(a)(17), is increased from \$220,000 to \$225,000. Retirement plans administered by the Division of Pensions and Benefits affected by this change include the Teachers' Pension and Annuity Fund (TPAF), the Judicial Retirement System (JRS), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the State Police Retirement System (SPRS), the Supplemental Annuity Collective Trust (SACT), the Alternate Benefit Program (ABP), the Additional Contributions Tax-Sheltered (ACTS) program and the New Jersey State Employees Deferred Compensation Plan.
- *Chapter 113, P.L. 1997.* N.J.S.A. 43:3C-9.3 & 43:3C-9.4 permits higher annual compensation limits for members of TPAF, JRS, PERS, PFRS, SPRS and ABP enrolled prior to July 1, 1996, if, prior to July 1, 1997, the employer certified to the Division Director that the employer will pay the additional cost for not applying the lower Code Sec. 401(a)(17) *Annual Compensation Limit* to these members. If you are such an employer, you may report pensionable salary in excess of the Code Sec. 401(a)(17) limits mentioned earlier for those employees in the affected class.
- *Defined contribution plans.* The limitation on the annual additions to a participant's defined contribution account under Code Sec. 415(c)(1)(A) is increased from the lesser of \$44,000 or 100% of the participant's compensation to the lesser of \$45,000 or 100% of the participant's compensation. Annual additions are the sum for any year of all employer and employee contributions to the defined contribution plan. For purposes of applying the limitations all defined contribution plans of an employer are to be treated as one defined contribution plan. Defined contribution plans include an employee annuity plan described in section 403(a) and an annuity contract described in section 403(b). Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, ABP and ACTS programs and the New Jersey State Employees Deferred Compensation Plan.
- *Elective deferrals.* The limitation under Code Sec. 402(g)(1) on the exclusion for elective deferrals described in Code Sec. 402(g)(3) increases from the lesser of \$15,000 or 100% of the participant's compensation to the lesser of \$15,500 or 100% of the participant's compensation. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, ABP and ACTS programs.
- *Deferred compensation plans.* The limit on deferrals under Code Sec. 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from the lesser of \$15,000 or 100% of the participant's compensation to the lesser of \$15,500 or 100% of the participant's compensation. The deferred compensation plan administered by the Division of Pensions and Benefits affected by this change is the New Jersey State Employees Deferred Compensation Plan and is available to Employees of the State and other State chartered commissions, authorities and boards.

The following limit is unchanged:

- *Catch-up contributions.* The dollar limit under Code Sec. 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in Code Sec. 401(k)(11) or Code Sec. 408(p) for individuals aged 50 or over remains at \$5,000. Defined contribution plans administered by the Division of Pensions and Benefits affected by this change include the SACT, ABP and ACTS programs.